



Jersey Hospitality Association

13 November 2023

Deputy Sam Mézec
Chair
Corporate Services Scrutiny Panel

Dear Deputy Mézec,

Proposed Government Plan 2024-2027 Review

Thank you for giving us this opportunity to share our concerns about the Draft Government Plan. We would start by saying that we would be pleased to meet you and your Panel to discuss the points raised in this letter further.

The Jersey Hospitality Association is the voice for its membership which is made up of over two hundred independent businesses in the sector. Our members range from large hotels and Michelin Star restaurants to beachside cafés and single person businesses.

We have regular contact with government ministers and the officials that work in numerous departments and our working knowledge of the issues facing our members is regularly discussed.

That is why we are perplexed as to why the Council of Ministers seems to be operating in a manner that is not joined up. Among the budget proposals is the intention to increase the duty on alcohol by nearly 9% with the claim that would add 4p to a pint a beer. As we will explain in this submission, once that pint has reached a customer in one of Jersey's pubs, that 9% increase in duty will have become an extra £1 from 1st



January 2024. We find that impossible to reconcile with *'the Government's support of the hospitality industry.'*¹

In the past 10 years, duty rises in Jersey have increased by 51.4%, compared to 12% in the UK, making Jersey 37% more expensive than the UK. When choosing where to take a holiday, visitors will compare the cost of coming here with other destinations and if we are set to reach a £10 pint, then it is difficult to see a future for many businesses here.

9% duty increase on alcohol

As stated above, this will not mean that the price of an average pint of beer will rise by 4p. What this actually means is a 4p increase per pint at the point of production on beverages with less than 4.9% alcohol. At best, this will mean at least 25p on a pint of beer and up to £1 per pint in a tenanted pub, such as the one across the street from the Government's Broad Street offices.

The Treasury has made no attempt to include the costs as that pint of beer moves along the production chain to the final point of sale. The Treasury has also told us during a meeting we called following the publication of the Government Plan that they have not done any modelling to examine the impact duty rises have on the industry.

We were told that if approved, this increase will add £2million to the Government's revenue receipts next year. The JHA contends that the Government should be focused on helping businesses to thrive rather than penalising them for still being in business. If continuing to tax profits is the aim of this Government, then it will not be long before we see some of those businesses exiting the market. There is no incentive to consume local over imported beverages or to produce on island as opposed to off island. It also drives people to drink at home in unregulated, unsafe environments consuming lower quality products purchased in duty free or off-licences away from hospitality venues where there are trained service staff.

There is NO EVIDENCE globally that a higher alcohol tax reduces consumption. It is linked to culture rather than finances. We need to work on changing behaviour and education, not on penalising responsible users locally and visitors. Increasing tax will not stop high levels of alcohol consumption among a small number of islanders.

We do not support the tobacco industry, however during COVID when travel was restricted, local sales were 3 times higher. Once restrictions were lifted and travel and

¹ [Proposed Government Plan 2024-2027](#) – Pages 37 and 30



duty-free sales had resumed, excise duty receipts returned to previous levels. It shows that behaviour does not change, but where people buy from does. Raising alcohol duty will increase off license and duty-free sales, push people to drink in unregulated environments out of safe hospitality venues, increase alcohol related domestic violence, put those with issues at greater risk, while also lowering the opportunities and social benefits that going out provides.

Significant costs facing hospitality

With the proposed increases in duty on alcohol, we believe that there is a compound recipe for disaster for hospitality as the industry is also facing other significant cost increases next year.

The Minimum Wage

Discussing the Minimum Wage can be contentious and that is not our intention here as the wage is not the issue. As an industry that has a wide range of pay groups, the way the Minimum Wage is set does not take into account free meals and drinks, subsidised accommodation, discounted food purchasing and transport. What happens in hospitality is that the Minimum Wage pushes up all wages, that causes huge and unsustainable increases in salaries across all businesses.

Utility price increases

From January, we are set to see electricity go up by 12% and water by 11%. These are both significant extra costs to businesses in our sector.

Liquid Waste charges

The Proposed Government Plan includes an intention to explore the introduction of liquid waste charges and requests approval for funding to allow that to happen. This was a massive issue for our industry when it was previously suggested and is a hidden tax as it hits our members disproportionately.



Immigration Rules

Within the next 18 months we are looking at a mass exodus of migrant workers on work permits from hospitality, somewhere in the realm of 4,000 people. Their rolling 1-year permits will reach the maximum time limit allowed and they are going to be forced to leave the Common Travel Area for up to three years, the same period of time they were here on a work permit. This will have a catastrophic impact on our industry, lowering productivity, increasing costs to recruit and retrain and have absolutely no benefit to Jersey in any way whatsoever.

In conclusion, we understand the need for Government to collect revenue to pay for services but this plan risks shutting down businesses, causing unemployment, reducing our transport links, and killing off the hospitality industry. It will also damage our quality of life.

We can only conclude that our Island's current tax system is not fit for purpose and a future taxation strategy is desperately needed. We believe that the old tools that are being reused year on year do nothing to help our island and do nothing to make our Government more efficient.

Thank you for reading our submission. We are here to help and support our island and would be happy to make ourselves available for further discussion with your panel.

Kind Regards,

Ana and Marcus Calvani
Co-Chief Executives